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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	
)	Chapter 11
)	
CELSIUS NETWORK LLC, <i>et al.</i> , ¹)	Case No. 22-10964 (MG)
)	
Debtors.)	(Jointly Administered)
)	

**DECLARATION OF
CHRISTOPHER FERRARO,
INTERIM CHIEF EXECUTIVE OFFICER,
CHIEF RESTRUCTURING OFFICER, AND CHIEF
FINANCIAL OFFICER OF THE DEBTORS, IN SUPPORT OF THE
DEBTORS' MOTION SEEKING ENTRY OF AN ORDER (I) AUTHORIZING
THE SALE OF OSPREY BTC SHARES AND (II) GRANTING RELATED RELIEF**

I, Christopher Ferraro, hereby declare under penalty of perjury that the following is true and correct to the best of my knowledge, information, and belief:

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); Celsius US Holding LLC (7956); GK8 Ltd. (1209); GK8 UK Limited (0893); and GK8 USA LLC (9450). The location of Debtor Celsius Network LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 50 Harrison Street, Suite 209F, Hoboken, New Jersey 07030.

1. I am the interim Chief Executive Officer, Chief Restructuring Officer, and Chief Financial Officer of Celsius Network LLC (“Celsius,” and together with the above-captioned debtors and debtors-in-possession, the “Debtors”).²

2. I submit this Declaration in support of the *Debtors’ Motion Seeking Entry of an Order (I) Authorizing the Sale of Osprey BTC Shares and (II) Granting Related Relief* (the “Motion”), filed contemporaneously herewith, and to inform the Court and other parties in interest as to the factual background surrounding the Osprey BTC Shares.

3. I am generally familiar with the Debtors’ day-to-day operations, business, and their purchase of the Osprey BTC Shares (as defined herein). Except as otherwise indicated, all facts in this declaration (this “Declaration”) are based upon my personal knowledge, my discussions with other members of the Debtors’ management team and advisors, and my review of relevant documents and information concerning the Debtors’ mining operations, or my opinions based upon my experience and knowledge. I am over the age of eighteen and authorized to submit this Declaration on behalf of the Debtors. If called upon to testify, I could and would testify competently to the facts set forth in this Declaration.

The Osprey BTC Shares

4. As part of their prepetition investment strategy, the Debtors purchased, for 1,000 Bitcoin, 2,932,321 shares issued by the Osprey Bitcoin Trust (the “Osprey BTC Trust,” and such shares, the “Osprey BTC Shares”) in March 2021. The Debtors first purchased, on March 2, 2021, 146,552 shares with fifty Bitcoin and then, on March 17, 2021, the remaining 2,785,769 shares with 950 Bitcoin. The price per Bitcoin on the initial fifty Bitcoin used to complete the purchase was \$48,417.99. Bitcoin’s value increased thereafter, and the price per Bitcoin on the remaining

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

950 Bitcoin the Debtors used to complete the purchase was \$55,645.20. The blended price per Bitcoin spent on the Debtors' purchase of Osprey BTC Shares was therefore \$55,283.84 and the aggregate price was approximately \$55.3 million.

5. I understand that the Osprey BTC Trust is a Delaware statutory trust that is managed by Osprey Funds, LLC (the "Osprey Funds") that owns Bitcoin, that each Osprey BTC Share represents a share of ownership of the Bitcoin the trust holds, and that the value of the Osprey BTC Trust largely tracks the price of Bitcoin. I understand that Osprey BTC Shares can be purchased in-kind with Bitcoin or with fiat currency, and that ordinary retail investors may purchase Osprey BTC Shares through their brokerage accounts, IRAs, and similar accounts. Therefore, investors who purchase shares of such trusts obtain exposure to the cryptocurrency market without owning any cryptocurrency outright.

6. I understand that Osprey BTC Shares are generally transferable and tradeable over the counter on the OTCQX market operated by OTC Markets, Inc. I understand, however, that trading volume of Osprey BTC Shares is low, and that there are generally a limited number of purchasers for them.

7. At the time of the Debtors' purchase of the first tranche of Osprey BTC Shares, each Osprey BTC Share was valued at approximately \$16.52; at the time of purchase of the second tranche of Osprey BTC Shares, each Osprey BTC Share was valued at approximately \$18.97. As of March 17, 2021, the total estimated market value of the Debtors' Osprey BTC Shares was approximately \$55.6 million. As of June 7, 2023, each Osprey BTC Share was valued at \$5.06, and the Debtors estimate that the Osprey BTC Shares in their possession have a current market value of approximately \$15 million. The Debtors hold approximately 36.65 percent of the total number of outstanding Osprey BTC Shares.

8. The Osprey BTC Shares have not been assigned or encumbered, and I am not aware of any third party asserting an interest in the Osprey BTC Shares.

The Anax Proposal

9. In April 2023, the Debtors received a proposal from a third party not affiliated with the Debtors to purchase not less than all of the Osprey BTC Shares in the Debtors' possession, the terms of which offer were subsequently negotiated and set forth in the Term Sheet attached to the Motion (the "Proposed Transaction"). Anax Trading, LLC ("Anax") has proposed to purchase the Debtors' Osprey BTC Shares at the closing price (the "Closing Price") of the shares on the purchase date (the "Purchase Date"). A condition to Anax's obligation to close the Proposed Transaction is that the Closing Price on the Purchase Date, divided by the net asset value of the Osprey BTC Trust on such date, does not exceed 67.84 percent of the net asset value of the Osprey BTC Trust (*i.e.*, the highest level reached during the sixty-day period immediately preceding the date of the Term Sheet), and a condition to the Debtors' obligation to close the Proposed Transaction is that the Closing Price on the Purchase Date, divided by the net asset value of the Osprey BTC Trust on such date, is not lower than 62.57 percent of the net asset value of the Osprey BTC Trust (*i.e.*, the lowest level reached during the sixty-day period immediately preceding the date of the Term Sheet), though either party may waive the condition in its favor. The Purchase Date is expected to occur on a date as soon as reasonably practicable after the entry of the Order authorizing the Debtors to proceed with the Proposed Transaction, and in no event after July 10, 2023. Based on the terms Anax proposed as of June 7, 2023, the Debtors anticipate that they will be able to sell the Osprey BTC Shares to Anax for approximately \$16 million in cash consideration.

10. The Proposed Transaction contains no financing or due diligence contingency. Between the filing of the Motion and when it is heard by the Court, the Debtors and Anax will negotiate and enter into conditional agreements to document the Proposed Transaction. Upon the Court's approval of the Proposed Transaction and satisfaction of other conditions to closing, the Debtors will execute the agreements and proceed with closing. Anax has informed the Debtors, however, that time is of the essence and that they will not be able to offer the Debtors the same terms for an extended period of time.

11. Pursuant to the Proposed Transaction, the purchase price for the Osprey BTC Shares will be significantly discounted from the price the Debtors initially paid for them. This is largely due to the significant decrease in the value of Bitcoin since the time of the Debtors' purchase of the Osprey BTC Shares. As of June 6, 2023, the Osprey BTC Shares traded at a price level that represents a discount of approximately forty percent below the market value of the Bitcoin assets held within the trust. This discount has been sizable and persistent, ranging from thirty to forty percent below net asset value in recent months. Such discounts, however, are common to similar cryptocurrency pass-through vehicles trading in the public markets, at least since the major fall-off in cryptocurrency prices.

12. Nonetheless, the Debtors believe, in a sound exercise of their reasonable business judgement, that the \$16 million price is commensurate with the market, and the Proposed Transaction is in the best interests of their estates and creditors. First and foremost, the Proposed Transaction will provide the Debtors with liquidity to finish these chapter 11 cases, and a means to monetize an otherwise illiquid asset. Moreover, absent the Proposed Transaction, the Debtors anticipate that they would simply continue to hold the Osprey BTC Shares for the foreseeable future. In light of the continued stress on the cryptocurrency market, the low trading volume of

the Osprey BTC Shares, the Debtors' significant holdings of Osprey BTC Shares, and the time and resources it would take to find purchasers on the secondary market, the Debtors do not anticipate that they would be able to sell the Osprey BTC Shares at a competitive price, or that they would be able to sell all of the Osprey BTC Shares in their possession. Simply holding the Osprey BTC Shares, however, has no utility for the Debtors. Accordingly, the Debtors believe the Proposed Transaction is the most efficient and value-maximizing transaction available to the Debtors, and request authority for the immediate monetization of the Osprey BTC Shares pursuant to the Proposed Transaction.

13. The Debtors' negotiations with Anax on the terms of the Proposed Transaction were at arm's length. I am not aware of Anax having colluded with any third party, and its actions during negotiations appeared to me to have been taken in good faith. Anax and the Debtors negotiated through separate counsel.

14. Given the volatility in the market for the price of Bitcoin, I believe it is in the best interests of the Debtors' estates for the Debtors to close on the Proposed Transaction quickly to capture the current relatively favorable pricing for the Osprey BTC Shares.

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Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: June 7, 2023

/s/ Christopher Ferraro

Name: Christopher Ferraro

Title: Interim Chief Executive Officer, Chief
Restructuring Officer, and Chief Financial
Officer of Debtor Celsius Network LLC